

Lieutenant Governor Elizabeth Roberts
Healthy Rhode Island Reform Act of 2008
Executive Summary

Overview:

The Healthy Rhode Island Reform Act of 2008 will transform the health care system in our state by putting in place a strong new structure for ensuring that all Rhode Islanders will have access to high quality health care at a price they can afford. This package will immediately start moving to insure over 10% of the uninsured with no new state expenditures, and will establish a serious process for cutting costs and increasing value in our health care system. The legislative package creates a strong and sustainable structure that will make it possible to bring every uninsured Rhode Islander into this new system as money becomes available from the savings accrued through the transformation of the health care system, as well as from other sources. Because the plan focuses on BOTH expanding coverage AND containing costs while increasing value it transforms health care for all of us, not just those who are now uninsured. At its most basic, this legislation is about increasing health care value and access for ALL Rhode Islanders, with the overall result being a transformation of our ailing system into a healthy one.

Aligning Payments to Priorities

In our current system health care providers are paid to perform procedures, not to keep patients healthy. This is bad for patients, bad for doctors, and bad for the system. As we transform our health care system in Rhode Island we need to reverse this and compensate doctors for keeping patients healthy through preventive care and chronic disease management.

The broken compensation system was not built overnight, and it cannot be reformed in a day. However inaction is not an option. In order to ensure real change the Healthy Rhode Island Reform Act of 2008 requires that the state's health planning and accountability advisory council establish a Healthy RI Strategic Plan and Healthy RI Chronic Care Management Program. [Healthy Rhode Island Reform Act of 2008 - Part I]. The state is a major purchaser of health care on behalf of state employees and Medicaid recipients. This presents a unique opportunity to lead the way in reform initiatives with the health insurance that the state provides. The Healthy Rhode Island Reform Act of 2008 - Part II integrates best practices in insurance coverage, designed to enhance healthy outcomes, into the health insurance that the state provides for state workers and Medicaid recipients effective January, 2009. This means that health insurance provided by the state will include cutting edge chronic disease management, an emphasis on primary care and paying physicians to keep their patients healthy thus leading the way for the state and the nation. Part II of the package goes on to require that all health insurance in Rhode Island integrate these cutting edge

practices by January 1, 2010. The Healthy Rhode Island Strategic Plan creates a permanent capacity for the state to incorporate new methods to into a state of the art health system - leaving behind our current "sick care" system. Effective chronic disease management for all Rhode Islanders is only a first step in realizing the potential of this reform.

Organizing Care for Quality and Value

Aligning payments to priorities will go a long way toward bending the health care spending curve downward to a level that is sustainable, but the Healthy Rhode Island Reform Act of 2008 goes further by demanding true cost and outcome transparency and accountability in health care.

One way it does this is through the creation of the Health Care Quality and Value Database within the Department of Health [Healthy Rhode Island Reform Act of 2008 - Part III]. This comprehensive database will shine a spotlight on cost and quality information that has never before been accessible to the consumer or to policy-makers. The Health Care Quality and Value Database brings a laser-like focus on both cost and quality. It creates a user-friendly, online interface that will empower individuals and families to take control of their health care expenditures by providing a tool for them to make rational decisions about many of their health care needs. It will also put in place the resources and tools that will allow policy-makers to access the empirical data that is desperately needed if we are to move toward a rational, evidence based health system.

It is also imperative that our state move ahead to implement Health Information Technology including integrated electronic medical records with appropriate privacy protections. Much work has already been done in this area, and an important piece of the package is legislation that establishes safeguards and confidentiality protections for a Rhode Island Health Information Exchange. The legislation will put in place systems to improve the quality, safety and value of health care, keep confidential health information secure and confidential and use the HIE to progress toward meeting public health goals. Rhode Islanders need to be confident that HIT will be used appropriately and confidentially, and all stakeholders need to work together to ensure that we pass legislation that will earn this confidence.

Covering All Rhode Islanders

13% of Rhode Islanders have no health insurance. This proportion has increased since 2001 and the fastest growing part of this group is working Rhode Islanders. Uninsured Rhode Islanders often have little choice but to access the health care system in the most expensive way: by going to the emergency room. They lack access to preventive care and chronic disease management, so their care ends up being more expensive than it has to be - wrong time, wrong place, wrong cost care. Studies have shown that the uninsured have significantly worse health

outcomes than those with insurance, and we also know that the cost of care finally provided in an emergency room is being passed along to everyone else through higher taxes and increased insurance premiums. Uncovered health care costs have become the top cause of personal bankruptcy.

Part IV of the Healthy Rhode Island Reform Act of 2008 creates a structure during 2009 and 2010 will reduce the number of uninsured Rhode Islanders. It does this in a number of ways.

The legislation creates a new public/private partnership called the Rhode Island Health Insurance Access Hub (HealthHub RI). By July, 2009 the HealthHub will allow individuals and small business owners to purchase portable, affordable health insurance for themselves, their families, and their employees. HealthHub RI will allow Rhode Islanders to shop online, on the phone, or in person to choose among competing plans for the one that fits them best. Insurance companies will have to compete for business in a transparent environment, and individuals, families, and small business owners will benefit from the bargaining power of the Hub.

HealthHub RI will also play an important role in aligning payments to priorities. The HealthHub board will begin its work in September 2008. It will set standards for a minimum level of coverage acceptable in plans with the HealthHub seal of approval and will allow insurers to make available innovative plans that emphasize preventive care and chronic disease management. The board will also be charged with ensuring that the plans offered will be affordable, flexible, and robust.

To further jump-start the move toward covering all Rhode Islanders, the legislative package includes a bill that calls on individuals and businesses who can afford insurance to take responsibility for coverage. Part V of the Healthy Rhode Island Reform Act requires all Rhode Island residents whose income exceeds 400% FPL (\$40,840 for an individual, \$82,600 for a family of four) to purchase affordable health coverage through the HealthHub once the Hub opens for business in July, 2009. The Office of the Health Insurance Commissioner estimates that there are close to 15,000 Rhode Islanders (more than 10% of the Rhode Island uninsured) who would be covered by this mandate. Part VI of the legislative package also whittles down the number of uninsured Rhode Islanders by allowing young adults to stay on their parents' family plan through age 25, regardless of student status.

One of the great strengths of our current system is that the majority of Rhode Islanders have access to health insurance through their employers. In order to maintain this strength, Part V not only impacts individuals but also requires employers, (except those with ten or fewer employees) who do not provide health insurance, to pay a health security assessment to the state. This health security assessment goes to the HealthHub for purposes of providing support for insurance for the uninsured. This requirement, combined with the requirement that individuals with sufficient means purchase insurance, will have a combined effect

to reduce the number of uninsured Rhode Islanders. Part VII of the legislative package further expands the options for those Rhode Islanders who still need coverage. By opening up the Rhode Island market through reciprocal licensure for health insurers already licensed to do business in Massachusetts and Connecticut more value-priced options will become available to Rhode Island businesses and individuals seeking new approaches to coverage.

This multifaceted approach to insuring every Rhode Islander does not make sense unless it is matched by a commitment our award winning Rlte Care program which is a national leader in covering children. The majority of funds used for Rlte Care coverage come from the federal government, so every dollar cut by the state removes over two dollars from the health care system. Cutting Rlte Care will force children and parents into the emergency rooms. This will cost everyone more in the form of higher premiums and taxes to pay for the resulting uncompensated care. The proposed Rlte Care cuts would move Rhode Island's health care system in the wrong direction, and thus a key element of the Healthy Rhode Island plan is a focus on ensuring that this does not happen.

Although the Healthy Rhode Island Reform Act of 2008 does not call for the expenditure of any new state dollars at this time, most experts say that covering all Rhode Islanders will require additional shared financing down the road. What makes the Healthy Rhode Island Reform Act of 2008 unique is that it calls upon policy makers, state officials and citizens to work together to put in place the infrastructure for change BEFORE new public funds are invested so that we can proceed cautiously and with full information as new investments are considered and debated. It also combines the creation of this infrastructure with a laser-like focus on reducing cost, increasing value and improving health outcomes in the health care system more broadly. The Healthy Rhode Island Strategic Plan and Chronic Care Management program [Part I], Health Care Quality and Value Database [Part III] and cutting edge innovations in the health plans for public employees and Medicaid recipients [Part II] will all contribute to bending the cost curve for health care in Rhode Island toward affordability. These innovations are supportive of reducing the ultimate cost for covering all Rhode Islanders when Rhode Island is ready to take that final step.

Planning Forward for Success

Comprehensive reform of the health care system is a challenging and complex undertaking that will require an ongoing commitment from citizens and policy makers. The final element, Part VIII, of the Healthy Rhode Island Reform Act of 2008 is designed to guarantee that the momentum for positive change is sustained beyond this legislative session. Part VIII creates a Joint Legislative Task Force to be co-chaired by a Senator, a Representative and the Lieutenant Governor. This core group of elected policy makers will create and sustain momentum for change and will make recommendations for additional reforms.